

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF LEGAL AND ENFORCEMENT COUNSEL

REPORT OF INTERVIEW

36657

1. OFFICE OF ORIGIN Chicago, IL	2. REPORTING OFFICE Chicago, IL	3. CONTROL NUMBER 83(s)-IV-2-5
4. DATE OF INTERVIEW March 24, 1983 & July 18, 1983	5. LOCATION Chattanooga, TN	6. TITLE John P. Saad, Jr.
SYNOPSIS:		7. PARTICIPATING OFFICIALS Louis M. Halkias

On March 24 and July 18, 1983, John Mousourakis, 4023 Highwood Drive, Hixson, Tennessee 37343, telephone numbers 615/870-2100 residence, 615/698-8601 office, was interviewed regarding his involvement with John P. Saad, Jr. in the waste oil business.

Mr. Mousourakis stated that he first became acquainted with the Saad family in the early 1970's while he (Mousourakis) was working for the Commerce Union Bank in Chattanooga, Tennessee. Mr. Mousourakis worked in the international business section of the bank, and was asked by Richard Saad (John Saad's brother) for advise in marketing products for Kuhn's Big-K department store. During that time the Saad family owned a waste oil recycling business. The company ownership was equally divided between three Saad brothers and their mother. Each owned 25 percent of the business.

In approximately 1974 John Mousourakis was asked by the Saads to assist them in their waste oil business. Mousourakis replied that he would become involved and assist them if he was made an active partner. Mousourakis asked to purchase or negotiate 2 1/2 percent of the business from each partner. This would total 10 percent of the business. However, the Saads could not agree on this offer, thus Mousourakis did not become involved.

John Mousourakis stated that in 1979 John P. Saad, Jr. purchased the entire business from his family as a result of a disagreement in operating procedures. In purchasing the business John P. Saad, Jr. assumed all liabilities, which came to approximately \$400,000.

In approximately October 1981 John Saad telephoned John Mousourakis and informed him that he had bought out his family, and that he completely owned the waste oil business. Saad said that his expenses were more than he could handle, and that the "feds" were going to shut him down if he did not pay his back taxes to them. Saad also told Mousourakis that there was a pending law suit against the company for water contamination. That as a result of that suit, there was a \$7,000.00 lien against the company, but that he was appealing that decision. After discussing the assets and liabilities of the company, John Mousourakis decided that he would purchase the liabilities of the property only, and rent it back to Saad, who would continue to operate the business. As a result, Mousourakis assumed the first mortgage, which was \$23,000 owed to Nashville Bank; the second mortgage which was approximately \$40,000 owed to Associates Capital Finance Company, and \$11,500 in back taxes. John Mousourakis paid these liabilities and assumed ownership of the company property in the name of Leasing Management Systems.

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CONTINUATION SHEET

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John Mousourakis then took out a loan for \$40,000 using the company trucks as collateral. \$11,500 of this money went to pay the back taxes. The remaining \$28,500 Mousourakis gave to Saad to operate the business.

During this time period John Saad lost his appeal in the water contamination suit. The parties winning the suit wanted payment for damages in addition to the \$7,000 lein on the company. As a result of this action John Mousourakis settled out of court for \$11,000. Mousourakis did this to avoid a long legal battle, and because he had purchased the property knowing that there was a lein on it. He felt this would make it possible for the company to operate.

Approximately 1 month later, John Mousourakis asked John Saad for the rent he was to pay him. Saad told him that he was unable to operate the business to make a profit so that he could pay the rent because of a State Restraining Order. This was the first time that John Mousourakis knew of a restraining order. Mousourakis stated that the restraining order involved cleaning up the business property which included 200,000 gallons of rain water that was contaminated and other cleanup requirements. Mousourakis also stated that Saad had obtained a contractor in the past that cleaned up waste oil, cemented the bottoms of a holding pond, and constructed a dike around the pond area.

Mousourakis was unable to continue to make payments on the mortgages he assumed without receiving rent money from Saad, so he offered the second mortgage to Mike and Tom Gulas of Chattanooga, Tennessee. The Gulas became the owners of the company building and land while Mousourakis remained the owner of the company trucks. John Moursourakis stated that both he and Gulas remained landlords of the property which they leased to Saad. That they had no involvement in the operation of the business. That Saad ran the business independently.

As a result of the restraining order Mousourakis and the Gulas loaned Saad \$7,000 to complete the cleanup of the waste oil and contaminated rain water that had accumulated in the storage tanks on the property.

As time went on it became apparent that Saad needed operating capital to get the business back in operation. That, until that time came, he would not be able to pay the rent he owed. So Mousourakis and the Gulas encouraged Saad to obtain a sub-lessee to help him in the business.

In approximately November 1982 Mr. Donald Cowan, of Nashville, Tennessee became a sub-lessee to Saad. (Prior to joining Saad as a sub-lessee, Cowan expressed some reservations regarding Saads past, however, he determined that there was no problem after further investigation.) Together they formed a company with a trade name of "Dependable Oil." Mr. Cowan, according to Mr. Mousourakis, paid off past due telephone bills, electric bills, and repaired the company trucks. However, from November to February he failed to pay Mousourakis and the Gulas his rent.

Mr. Mousourakis then stated that beginning March through June Mr. Cowan paid his rent. Also that an agreement had been reached with Cowan that his rent for November, December, and January be paid separately over a period of a year.

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Since that time Mr. Cowan attempted to form a company called Essex Oil which was to be the parent company of Dependable Oil. Cowan was to offer 25 percent ownership of Essex Oil to Saad, while he (Cowan) owned 75 percent. Cowan also wanted to set up a new lease agreement with John Mousourakis and the Gulases. However, Saad refused to become part of Essex Oil and both Mousourakis and the Gulases refused to set up a new lease at that time. Later Mousourakis and the Gulases attempted to set up a new lease agreement but Cowan refused.

Due to the non-payment by Cowan, John Mousourakis and the Gulases took Cowan to court in Nashville, to remove him (Cowan) from the business. As a result the Judge ruled that Cowan has until August 15, 1983, to vacate from the business. Mr. Mousourakis stated that Cowan is attempting to sell 60,000 gallons of oil he had acquired while in business with Saad.

Mr. Mousourakis stated that up to this point neither he nor the Gulases operate the waste oil business. They only own the property and equipment, and that John P. Saad, Jr. rents the property and equipment from them, and runs the business independent of them.

EXHIBIT 22